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GRASS VALLEY WOMAN SENTENCED IN TAX FRAUD SCHEME

SACRAMENTO--United States Attorney McGregor W. Scott and IRS Special Agent in Charge Roger L. Wirth announced today that KAREN LOUISE YOUNCE, 54, of Grass Valley, California, was sentenced this morning to imprisonment for 37 months for her role in a large-scale abusive tax trust scheme. Chief Judge David F. Levi, the sentencing judge, also ordered that the defendant be placed on supervised release for a period of three years and pay a special assessment of \$100.

The case is the product of an investigation undertaken by the Internal Revenue Service - Criminal Investigation Division. IRS Special Agent in Charge Wirth said "Investigating and seeking prosecution of those that break the tax laws and try to cover their tracks by using offshore accounts is a huge priority for IRS."

According to Assistant United States Attorney S. Robert Tice-Raskin, who is prosecuted the case, YOUNCE previously admitted, as part of her plea, that during the period of 1992 through August of 2002, she participated in a conspiracy to impair, impede, and obstruct the lawful function of the Internal Revenue Service ("IRS") in the computation, assessment, and collection of over \$2 million in federal income tax liabilities. The object of the conspiracy was to conceal from the IRS taxable income earned by YOUNCE's clients, through the use of both domestic and foreign trusts which she marketed. For a fee, YOUNCE advised and assisted her clients in transferring assets and income-generating entities into domestic and foreign trusts which she created, and in then using those trusts to evade federal income taxes through the concealment of the clients' control over, and use of, such assets and income.

In addition, YOUNCE advised and assisted her clients in cycling their U.S. income through off-shore bank accounts she controlled, and then returning the income to the clients. YOUNCE admitted that she did this purposefully to avoid these funds from being traced by the IRS, with the intent of assisting such clients in evading income taxes.

Co-defendant SCOTT BAKER RIESS pleaded guilty to aiding and assisting in the presentation of a false income tax return on January 27, 2005, and is set to be sentenced before Judge Levi on June 9th.

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